

Performance
Evaluation &
Research Division
(PERD)

PERD's Objectives:

The objectives of this update are to determine to what extent the DOA responded to the eight recommendations made in the September 2015 PERD report on the GSD, and to assess the agency's overall financial condition as of fiscal year 2021.

Key Recommendations:

The Legislature should consider placing a moratorium on the Department of Administration from purchasing real property above the price of \$1 million until the Department can demonstrate it has strengthened its financial resources.

The Department of Administration should take steps to improve its process of monitoring rent revenues and expenditures with the intention of raising rent appropriately to cover rising costs.

The Department of Administration should pay all appropriate operating costs of DOA facilities from Fund 2241.

November 2021

Performance Review:

Department of Administration (DOA), General Services Division (GSD)

Agency Purposes:

The General Services Division serves under the Department of Administration to administer the care, custody, and control of the capitol buildings and other state-owned buildings.

What Did PERD Find?

PERD found that while the GSD is moving in the right direction, and its financial situation is improving, the legislative auditor anticipates the GSD will be under financial stress for several years, unless there are significant increases in lottery revenues, or state appropriated funds. The DOA is in compliance with one recommendation, planned compliance with another, and is non-compliant with two other recommendations of the September 2015 report. The remaining four recommendations require legislative action.

PERD also found the following:

- Debt service payments have been a significant percentage of expenses from Fund 2241 which is used to pay operating costs; however, this percentage is estimated to decline to 24 percent by the year 2030.
- In the last four fiscal years, the GSD has paid over \$3 million in operating expenses from fund 2257. This is a significant decline compared to the more than \$6 million dollars paid from the fund in fiscal years 2015-2017.
- As it stands, the DOA plans to increase rent for FY 2023 and 2024 for 11 state office buildings. This should help to further improve the agency's financial condition.

Table 8
Debt Service Payments*
FY 2022 through FY 2030

Fiscal Year	Scheduled Debt Service Payments	Estimated Debt Service as Percentage of Expenditures
2022	\$9,292,731	44%
2023	\$8,124,993	40%
2024	\$8,134,325	39%
2025	\$7,887,869	37%
2026	\$7,889,007	37%
2027	\$7,097,751	33%
2028	\$7,067,951	33%
2029	\$7,071,184	32%
2030	\$5,021,263	24%

Source: PERD analysis of bond indentures and payment schedules.

*State-issued bond principal and interest. Does not include locally-issued bonds.